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Free Trade Pact Crucial to Region

Unfair Rules

Two decades ago, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua were engaged in internal strife, border disputes, and teetered on the brink of permanent civil war and communist rule.

At the time, this region of Central America and the Caribbean island of the Dominican Republic were considered by many to be a breeding ground for instability, international crime, and threat to national security.

Today, freedom is on the march as elected leaders in these countries embrace democratic reforms, fight back against corruption and crime, strengthen the rule of law, work to reduce poverty, and stand side-by-side with the United States to win the global war against terrorism.

Certainly, forces that oppose democracy still exist in places like Venezuela and Brazil, but for the sake of national security America has a responsibility to help Central America fight threats to their newly-formed democratic institutions.

Economic reform is a critical component of this strategy, and the Central American Free Trade Agreement (CAFTA) is crucial for helping the region achieve economic growth while simultaneously strengthening America's national security.

CAFTA is more than just about trade - it is a signal of our commitment to security and stability throughout the entire region.

As former President Jimmy Carter recently said in a letter to the House Ways and Means Committee, if America "were to turn its backs on CAFTA, it would undercut these fragile democracies, compel them to retreat to protectionism and make it harder for them to cooperate with the U.S."

This agreement reinforces the United States' support for expanding freedom and democracy, spreading more peace and prosperity throughout this hemisphere, and improving economic growth, which is critical to diminishing the wave of illegal immigration across our borders.

Of course, by opening our doors to freer and fairer trade with Central America, CAFTA also has the potential to produce significant economic benefits here at home.

Today, millions, if not billions, of people worldwide rely on medicines, telecommunications devices, agricultural products, fabrics, and other goods manufactured

right here in New Jersey. From South Africa to Singapore, countries count on New Jersey-made products to cook, clothe their children, keep in touch with family members, and literally save lives.

Yet, no matter how good our products are, or how many people around the world need them, the rules are not always fair when America trades with other nations.

Right now, we have one-way trade with the CAFTA region. This means that 80 percent of goods from Central America and the Dominican Republic enter our nation without having to pay a tax.

However, these same nations impose a tax on many American products when they enter their markets.

Even if the goods hardworking Americans produce are far more superior to foreign-made products, these types of economic barriers put American businesses and workers at an unfair disadvantage.

CAFTA will level the playing field once and for all.

For the first time, most of the foreign taxes that American businesses are forced to pay for their products to reach 44 million consumers in Central America and the Dominican Republic will be eliminated.

The U.S. Chamber of Commerce estimates that this trade agreement saves nearly \$1 billion a year in taxes on U.S. manufactured goods, expanding opportunities for American businesses to save money, produce more goods, and hire more workers.

For New Jersey, CAFTA will increase business productivity, create more highly skilled jobs, and strengthen our state's competitiveness in the global economy.

In 2004, New Jersey businesses exported more than \$207 million in pharmaceutical supplies, electronics, fabrics, plastic products, cleaning compounds, and other goods to Central America, making our state the 17th-largest exporter among the fifty U.S. states.

A level playing field with Central America will enhance the prospects for New Jersey manufacturers to produce and ship everything from aspirin to zinc - all of which is good for New Jersey's economy and job market.

The largest New Jersey-made export to Central America and the Dominican Republic is fabric, used mainly for clothing.

In fact, New Jersey's fabric exports to Central America are growing, increasing more than three-fold from \$10 million in 2000 to \$33 million in 2004.

China, however, has made inroads into Central and South America and the Caribbean, as both an investor and exporter of fabric and yarn.

By requiring that Central America and the Dominican Republic make apparel sewn only with fabric and yarn produced by American workers, CAFTA improves the competitiveness of New Jersey's textile manufacturers, supports New Jersey workers, and gives them a critical advantage over their very aggressive Chinese rivals.

Some critics of CAFTA contend that labor conditions in Central America and the Dominican Republic must improve before the U.S. enters into a trade agreement with them. Certainly, there is room for substantial improvement.

However, the answer to enforcing labor standards in Central America is not to reject CAFTA, but rather to use this historic agreement as an opportunity to ensure their labor laws receive more attention and resources.

Right now, CAFTA is the best economic security, homeland security, and democratic reform policy available for Central America and the United States.

Free and fair trade will promote economic freedom while opening new markets for American businesses. This trade agreement merits Congress's support.